

Message Text

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20

ORIGIN SS-30

INFO OCT-01 ISO-00 /031 R

66610

DRAFTED BY: STR:RBRUNGART:MAM

APPROVED BY: EB/TA:WBARRACLOUGH

EURRPE:AALBRECHT

----- 114908

P R 180210Z APR 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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C O R R E C T E D C O P Y (OMISSION PARA 12)

EXDIS

E.O. 11652:N/A

TAGS: ETRD, GATT, EEC

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS

1. SCHEEL-KISSINGER LETTER AFTER APRIL 1-2 EC COUNCIL
MEETING POINTED TOWARD FINAL RESOLUTION 24:6 NEGOTIATIONS
DURING APRIL WITH EC PERMREP AUTHORIZED TO MAKE NECESSARY
DECISIONS. BOTH SIDES AGREE PROMPT SETTLEMENT ESSENTIAL.
(NOTE: SHORT EXTENSION OF GATT DEADLINE GIVES SUFFICIENT
TIME FOR PERM REP PROCEDURES TO BE FOLLOWED.) PERMREP
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MEETING TO BE HELD APRIL 25 LIKELY TO BE CRUCIAL. IT IS
URGENT THAT AT THAT MEETING (1) EC COMMISSION PUT FORWARD
AND PRESS APPROVAL OF PACKAGE OF CONCESSIONS THAT WILL
ADEQUATELY MEET OUR CLAIM, AND (2) THAT MEMBER STATE REPS

HAVE INSTRUCTION TO SUPPORT SUCH PACKAGE.

2. TO SET STAGE FOR PERMREP MEETING, US SPECIAL TRADE REP AMBASSADOR EBERLE, HAS WRITTEN EC VICE PRESIDENT SOAMES TO DESCRIBE OUR UNDERSTANDING OF CURRENT SITUATION AND OUTLINE OUR VIEWS ON WHAT NEEDED FOR SETTLEMENT. POSTS MAY DRAW THEREFROM IN URGING POSITIVE POSITION BY HOST GOVERNMENTS AT APRIL 25 MEETING.

3. EC COMMISSION DELEGATION IN WASHINGTON HAS AGREED TO TRANSMITTING EBERLE/SOAMES LETTER TO BRUSSELS. TO PREVENT MISHAP, DEPARTMENT REQUEST MISSION TO DELIVER COPY OF LETTER TO HIJZEN IN SOAMES ABSENCE. HIJZEN WILL BE LOOKING FOR IT THURSDAY MORNING APRIL 18.

TEXT OF LETTER:

4.
I AM WRITING TO YOU TO EXPRESS THE HOPE THAT THE EC COMMITTEE OF PERMANENT REPRESENTATIVES WILL HAVE BEFORE IT DURING THE WEEK OF APRIL 22, AND WILL APPROVE, A PROPOSAL WHICH THE COMMISSION AND THE UNITED STATES CAN BOTH SUPPORT. I KNOW THAT YOU SHARE MY BELIEF THAT THE RISKS OF FAILING TO REACH AN AGREEMENT ARE SO GREAT THAT A FINAL EFFORT ON A POLITICAL BASIS IS NOW WARRANTED.

5. TO AVOID THE POSSIBILITY OF ANY MISUNDERSTANDING, IT MAY BE USEFUL FOR ME TO OUTLINE WHERE IT APPEARS TO ME THAT WE STAND TODAY. THE UNITED STATES' POSITION ON THE BASIC ELEMENTS OF A SETTLEMENT HAS BEEN CONVEYED TO YOU IN WRITING OVER THE PREVIOUS MONTHS. OUR SUGGESTIONS HAVE BEEN SUBSTANTIALLY MODIFIED IN RECOGNITION OF THE ADVICE THAT WE HAVE HAD FROM YOU AND THE MEMBER STATES. IN AN UNORTHODOX ATTEMPT TO END THIS PROCESS, I PROPOSED IN MY LETTER OF MARCH 25, 1974, THE OUTLINES OF A FINAL SETTLEMENT.

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6. ON YOUR SIDE, YOUR REPRESENTATIVES HAVE NOT BEEN ABLE TO RECIPROCATATE OUR EFFORTS AT PREVIOUS STAGES. NOW THE APRIL 1-2 COUNCIL DECISION HAS EXPRESSED THE POLITICAL WILL OF THE COMMUNITIES TO REACH A SPEEDY AND SATISFACTORY CONCLUSION TO THE NEGOTIATIONS. BUT THE COMMISSION'S REPRESENTATIVES APPEAR TO HAVE PULLED BACK FROM INDICATIONS OF POSITIONS ON SEVERAL IMPORTANT PRODUCTS WHICH HAD BEEN SUGGESTED EARLIER. YOUR REPRESENTATIVES STILL SEEM UNABLE TO PROVIDE SIGNIFICANT FLEXIBILITY TO APPROACH WHAT WE CONSIDER TO BE A FAIR AND EQUITABLE SETTLEMENT.

7. EC COUNCIL PRESIDENT SCHEEL'S APRIL 3RD MESSAGE TO SECRETARY KISSINGER STATES THAT THE COMMITTEE OF PERMANENT REPRESENTATIVES IS EMPOWERED TO "SEE TO IT THAT ANY DECISIONS WHICH MAY BE NECESSARY ON THIS SUBJECT IN THE COMING WEEKS ARE TAKEN UNDER URGENT PROCEDURES IN ORDER TO AVOID WAITING FOR THE NEXT COUNCIL SESSION IN MAY." WHILE I AM DISAPPOINTED THAT - THE COMMISSION WAS NOT UNTIL RECENTLY IN A POSITION TO DEVELOP A COMMISSION POSITION ON THE BASIS OF POLITICAL CONSIDERATIONS, IT IS NOW IMPERATIVE THAT POLITICAL GUIDANCE BE PROVIDED AND A COMMON SOLUTION, WITHIN THIS TIMETABLE, BE FOUND.

8. YOU AND I ARE TOGETHER ON THE SPIRIT OF HOW THE PACKAGE MIGHT BE PUT TOGETHER. THE INTERRELATED PACKAGE COVERS, AS YOU KNOW, BOTH AN UNDERSTANDING ON CEREALS AND SPECIFIC NEW CONCESSIONS. IT APPEARS OUR MAIN PROBLEM LIES IN THE PACKAGE OF THE SPECIFIC PRODUCT OFFERS. ALTHOUGH YOUR REPRESENTATIVES HAVE BEEN UNABLE TO GIVE ANY PRECISE INDICATIONS OF WHAT YOUR SIDE CAN DO, AND HAVE HAD TO RESERVE ON ANY SPECIFIC PROPOSALS, IT APPEARS NONETHELESS THAT YOU MAY BE CLOSE TO MEETING THE BASIC ELEMENTS OF A SETTLEMENT OUTLINED IN MY LETTER OF MARCH 25. WE HAVE IN THE PAST MOVED AND TAILORED OUR REQUESTS TO COMMUNITY SENSITIVITIES. WE HOPE THAT YOU CAN NOW MOVE THAT SMALL EXTRA DISTANCE TO CLOSE THE GAP TO MAKE POSSIBLE A SETTLEMENT ALONG THE LINES OF THE COMPROMISE THAT I PROPOSED ON MARCH 25. (I AM ATTACHING TO THIS LETTER MY UNDERSTANDING OF THE MOST RECENT LIMITED OFFICIAL USE
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INDICATIONS GIVEN BY YOUR REPRESENTATIVES WITH RESPECT TO INDIVIDUAL PRODUCTS.)

9. I BELIEVE THAT A SATISFACTORY SOLUTION CAN BE ARRIVED AT WITH LEADERSHIP PROVIDED BY YOU AND YOUR FELLOW COMMISSIONERS ACTING UNDER THE POLITICAL MANDATE GRANTED BY THE APRIL COUNCIL MEETING. WE HAVE MUTUALLY AGREED TO SEEK GATT ACTION THAT WILL GIVE A BIT MORE TIME. BUT THIS IS SOLELY TO ALLOW THE DECISION-MAKING PROCESS OF THE COMMUNITY, AS EXPLAINED IN MR. SCHEEL'S LETTER, TO EVOLVE. THUS THE PERMANENT REPRESENTATIVES' MEETING ON APRIL 24-25, AND YOUR PROPOSAL TO THAT SESSION, ARE ESSENTIAL IF A MUTUALLY AGREEABLE, AND TIMELY, SOLUTION TO XXIV:6 IS TO BE FOUND. AT THIS LATE STAGE, WE CANNOT AFFORD TO FAIL.

10. ANOTHER IMPORTANT FACT UNDERLINES OUR NEED FOR PROMPT RESOLUTION OF THIS MATTER. I HAVE HAD RECONFIRMED TO ME YESTERDAY, BY THE STAFF OF THE SENATE FINANCE COMMITTEE, THAT FURTHER SENATE ACTION ON OUR TRADE BILL

IS IN LARGE MEASURE DEPENDENT ON THE SUCCESSFUL CONCLUSION
OF THESE NEGOTIATIONS. FOR ALL THESE REASONS, I REITERATE
THE NECESSITY FOR A SETTLEMENT NOW.

11. I REMAIN AVAILABLE, AS ALWAYS, TO COOPERATE WITH
YOU IN EVERY WAY. END TEXT OF LETTER.

ANNEX A

12. AS THE U.S. HAS NO SPECIFIC RESPONSE TO THE U.S
LETTER OF MARCH 5 ON PROPOSALS FROM THE COMMISSION WE
HAVE PUT TOGETHER OUR UNDERSTANDING OF THE EC INDICATIONS

OF POSSIBLE POSITION WHICH HAD BEEN CONVEYED BOTH DURING
TECHNICAL DISCUSSIONS AND CONVERSATIONS.

INDICATED POSSIBLE CONCESSIONS, AD REFERENDUM

SWEET ORANGES, FRESH SUGGESTED - 4# BETWEEN MAY 15 &
(EX 08.02A.I.A) OCT 15 OR 9# - MAY 1-
- MAY 30 AND 4# - JUNE 1-
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- OCT 15

- INFORMAL

- INDICATION 4# - MAY 1-OCT 15

UNMANUFACTURED SUGGESTED - 14# AVE & 60 UA MAXIMUM
TOBACCO NOT
LESS THAN 280 INFORMAL
UA PER 100 KG QUERY - 14# AVE & 55 UA MAXIMUM
(24.01A)

BOVINE OFFALS SUGGESTED - 7 PERCENT
OTHER THAN LIVER
(02.01B.I.B)

UNEXPOSED FILM SUGGESTED - 8# REDUCTION ON AGREED
(37.02) EX-OUT FOR MOTION
- PICTURE FILM 35MM AND
- BELOW & STILL PICTURE
- FILM IN ROLLS

KRAFT PAPER & SUGGESTED - 7-1/2# ON EX-OUT OR
PAPERBOARD 8# ON WHOLE CATEGORY
(48.01C.II)
- INFORMAL
- INDICATION- FOR SUPPLY ASSURANCES BY
- US, IMPROVEMENT IN OFFER

NON-AGRICULTURAL SUGGESTED - 14 PERCENT
TRACTORS
(87.01C)

TRUCKS SUGGESTED - EX-OUT LIMITED TO
(87.028.II.A1) DUMPERS
- DUMPERS UNDER 10,000 CC-
- 17 PERCENT
- DUMPERS ABOVE 10,000 CC-
- 20 PERCENT

EXCAVATING EQUIPMENT SUGGESTED - 9# ON EX-OUT
COVERING SCRAPERS,
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84.23A.I PARTS & ACCESSORIES
(APPROX. VALUE \$8
MIL.)

-- INFORMAL
-- INDICATION- ENLARGE SIZE OF EX-
-- OUT

US RESPONSE

ORANGES SUGGESTED CONCESSION - NOT
-- ACCEPTABLE

-- INFORMAL INDICATION - NOT ACCEPT-
-- ABLE

TOBACCO SUGGESTED CONCESSION - NOT
-- ACCEPTABLE

-- INFORMAL QUERY - NOT ACCEPTABLE

BOVINE OFFALS SUGGESTED CONCESSION - ACCEPTABLE

UNEXPOSED FILM SUGGESTED CONCESSION - ACCEPTABLE
-- IF AGREEMENT POSSIBLE ON
-- ADEQUATE SUBSTITUTES FOR EARLIER
-- PROPOSALS&

KRAFT PAPER AND SUGGESTED CONCESSION - NOT
PAPERBOARD ACCEPTABLE

-- INFORMAL INDICATION - POSSIBLE
-- IF RATE 6 PERCENT

NON-AGRICULTURAL SUGGESTED CONCESSION - ACCEPTABLE
TRACTORS

TRUCKS SUGGESTED CONCESSION - NEITHER
-- ACCEPTABLE

EXCAVATING SUGGESTED CONCESSION - NOT ACCEPT-
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EQUIPMENT ABLE

-- INFORMAL INDICATION - SOME COM-
-- BINATION OF AN ENLARGEMENT IN
-- COVERAGE OF EX-OUT AND A DEEPER
-- TARIFF CUT COULD BE ACCEPTABLE.

&THE COMMISSION HAS SUGGESTED THE ADDITION OF THE
FOLLOWING ITEMS OF INTEREST TO THE U.S. IN REFLECTION OF
UNWILLINGNESS OF MEMBER STATES TO GO ALONG WITH
ORIGINAL PROPOSAL TO REDUCE TARIFF ON FILM ON NON-EX-OUT
PORTION TO 11 PERCENT.

PRODUCT INDICATED CONVERSION

MARINE ENGINES (84.06C.II)	9 PERCENT
OUTBOARD MOTORS (84.06B)	9 PERCENT
CERTAIN ADDITIVES (38.14A)	13 PERCENT
(38.14B16 BII, BIII)	9 PERCENT

IF THE TARIFF REDUCTION COULD BE IMPROVED, WE COULD FIND
THESE SUBSTITUTES A SUFFICIENT SUBSTITUTION FOR
REDUCTION IN VALUE OF FILM CONCESSION.

INDICATES PERCENT. KISSINGER

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TAGS: ETRD, EEC, GATT, (SIMONET, HENRI)
To: EC BRUSSELS INFO BONN
BRUSSELS
COPENHAGEN
DUBLIN
GENEVA
THE HAGUE
LONDON

LUXEMBOURG

PARIS

ROME

Type: TE

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